

VOLUNTARY SEPARATION INCENTIVE PAY (VSIP) PROGRAM

1. The National Defense Authorization Act for FY 98 was signed by the President on November 18, 1997. The Department of Defense's (DoD) authority to offer VSIP was extended to September 30, 2001. Under this authority, selected employees may be offered bonuses of not more than \$25,000 to encourage voluntary resignations and retirements. The exact amount of bonus that can be granted to each employee is based on length of service and age. The VSIP is not a gift to anyone who wants to leave the Federal government –there are strings attached to this program that mandate that each VSIP approved must result in net reduction to civilian strength levels. Absent special funding arrangements, buyouts are funded locally. While the Directorate of Resource Management approves the funding plan, it is the Commander/Director who approves an employee's VSIP application.

2. Voluntary Early Retirement Authority (VERA) requires DoD's approval. We do not expect to request authority unless we undergo a significant reduction in force.

3. To obtain a separation incentive, employees must either resign or retire:

a. Optional Retirement: Employees meeting the required age and service requirements.

b. Voluntary Early Retirement Authority (VERA): Employees with at least 20 years of service at age 50 or 25 years at any age. If covered under the Civil Service Retirement System (CSRS), employees will take a reduction in their annuities of two percent per year for each full year under age 55. This reduction is permanent and will not decrease when the annuitant reaches age 55. Employees covered under the FERS take no annuity reduction for retiring under age 55.

c. Resignation: Employees under any retirement system may resign at any time.

4. You are ineligible to receive the separation incentive if you: (1) have not been employed by the Federal government for a continuous period of at least 3 years; (2) are on a time-limited appointment; (3) are a reemployed annuitant; (4) are eligible for disability retirement; (5) are receiving a retention allowance; (6) have received a recruitment or relocation bonus during the twenty-four month period preceding the date of separation; (7) are covered by a written service agreement; (8) have accepted a position with another Federal agency; (9) have previously received any voluntary separation incentive payment and have not repaid such payment.

a. Any DoD employee accepting a VSIP may not be re-employed with the DoD for FIVE years following acceptance of VSIP. This includes AF, NAF and personal service contracts. (Personal service contracts are not the same as going to work for a government contractor.)
<http://www.opm.gov/fedregis/2005/69-012705-3861-a.htm>

b. Any employee who accepts a VSIP must repay the full amount to the agency that paid the VSIP if they go back to work for **any** Federal agency within five years of receiving the VSIP.

5. If approved, the incentive will be paid after separation in a lump sum less deduction for FICA/Medicare taxes, Federal income tax, and applicable state and local taxes. The amount of the incentive payment before deductions will be the lesser of (1) \$25,000; or (2) the amount that you would be entitled to receive under the formula for computing severance pay. The severance pay formula includes both a basic allowance and an age adjustment allowance that is computed as follows:

a. Basic Allowance: One week's basic pay (including the locality rate adjustment if applicable) for each year of civilian service up to 10 years and two week's basic pay for each year of civilian service beyond 10 years.

b. Age Adjustment Allowance: 10 percent of the basic allowance for each year that you exceed age 40 at the time of your separation.

c. Limit: Severance pay may not exceed an amount equal to 52 week's basic pay.

6. If you are interested, you should submit a completed VSIP application form (attached) through your supervisor to the Commander/Director of your organization who will forward it to the Civilian Personnel Advisory Center (CPAC). If approved, CPAC will contact you and offer you individual counseling and specific information about the amount of your incentive payment annuity, if appropriate.

APPLICATION FOR VOLUNTARY SEPARATION INCENTIVE PROGRAM (VSIP)

NAME _____ SSN: _____

ORGANIZATION _____ DUTY PHONE _____

JOB TITLE, SERIES & GRADE _____

I am applying for the Voluntary Separation Incentive Program (VSIP) under the following option (Check one):

_____ Optional Retirement

_____ Voluntary Early Retirement

_____ Resignation

Proposed Date of Voluntary Separation _____

This application authorizes the Civilian Personnel Advisory Center (CPAC) to formally offer my position to an excess employee. I understand that returning this form does not obligate me to retire or resign nor does it obligate DoD to pay me a separation incentive. If approved I will be committed to voluntary separation and will be entitled to receive a cash incentive equal to the lesser of : (1) \$25,000; or (2) the amount that I would receive under the formula for computing severance pay. I understand that once approved I will not be allowed to withdraw my application unless a more beneficial incentive package is offered during the interim period.

I understand that employees who accept separation pay cannot be reemployed by the DoD for Five years following acceptance of VSIP and are also ineligible for registration in the DoD Priority Placement Program (PPP). Employment in any federal agency within 5 years after separation will require the repayment of the full amount of VSI received.

SIGNATURE _____ **DATE** _____

SUPERVISOR _____ **DATE** _____

COMMANDER/DIRECTOR _____ **DATE** _____